2005 White House Conference on Aging
Post- Event Summary Report

Name of Event: Psychology and Public Policy – Contributions to the White House Conference on Aging

Date of Event: August 19, 2005

Location of Event: Washington, DC

Number of Persons attending: 80

Sponsoring Organization: American Psychological Association

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WHCoA Issue Area:

Planning Along the Lifespan – Financial Literacy throughout the Life Cycle

Priority Issue: ***There is a lack of participation in currently available investment opportunities, even as the number of options continues to mount.*** We are approaching an era in which an increasing majority of the adult population will be relying on Social Security and other means of retirement savings. Yet, while a recent survey found that 58% of workers say they are saving for retirement their savings are low, and 45% of all workers have less than $25,000 in assets outside their homes. One out of four workers do not sign up for their employer's 401(k) retirement savings plan and only one in 10 contributes the maximum amount allowed.

Barriers: Though it seems logical that more choice is beneficial, a growing body of research indicates that "choice overload" decreases both people's ability to make decisions and their satisfaction with the decisions they make. In an especially significant example of this phenomenon, Iyengar and Jiang (2005) examined whether participation rates in 401(k) retirement programs are predicted by the number of options offered to those eligible for this benefit. Participating in a retirement plan affords employees tax deferred income, and employers will often match their employees' contributions. Therefore the choice not to participate in a 401(k) plan is financially very costly to the decision-maker. But despite these financial losses, Iyengar and Jiang observed that as the number of funds increased, participation rates dropped. Overall, for every increase of ten investment options there was a 2% drop in participation. Iyengar and Jiang also found that decision-makers confronted by more options exhibited a greater aversion to risky investments. Data gathered from nearly 800,000 employees revealed that, among employees who chose to participate in their 401(k) plans, every increase of 10 options was associated with a 5.4% increase in the amount of funds allocated to money markets and bonds, and an 8% decrease in the amount of funds allocated to equities, and these effects are even more pronounced among the elderly.

Proposed Solutions: Given the significance of employees' retirement decisions, it is important that 401(k) plans are presented in a manner that facilitates, rather than hinders, high quality

decisions. We now know that, despite choosers' initial preference for more choice, decision quality often degrades in high choice conditions. Enrollment systems for 401(k) plans may do better by incorporating the following elements:

- Attention to the structuring of options so that the "default" option for people is participation rather than non-participation in retirement plans
- Searchable lists of fund and portfolio options such that investors can easily sort their options according to the criteria they value most highly, e.g. level of risk, investment domain, short- and long-term performance.
- The flexibility to present investors with only those options related to their chosen interests, even when those interests change.
- The ability to present selected subsets of information to clients by default, but exhaustive information concerning all available options to any client who desires it on demand.

NOTE: The findings and suggestions presented here can be extended to other domains (e.g. Medicare prescription drug plans) and offer tremendous potential to capitalize on the effects of choice presentation and set size in a way that will improve the decision quality.

Prepared by Sheena Iyengar, PhD, Columbia University and Barry Schwartz, PhD, Swarthmore College

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WHCoA Issue Areas:

Marketplace – Promoting New Products, Technology and New Ways of Marketing that will be Helpful/Useful to the Older Consumer; The Workplace of the Future – Assistive Technology to Help Workers Remain in the Workforce; and, Social Engagement – Effective Individual Adaptation to the Conditions of Aging

Priority Issue: ***To fulfill technology's promise, human factors principles of design and training need to be incorporated into product design.*** Our premise is that technology has the potential to promote longer, more productive work lives and greater functional independence as people age. However, Aging brings predictable changes in perceptual, cognitive, and psychomotor abilities. The discipline of human factors engineering is ideally suited to address these changes with principles for creative design and training.

Barriers:

- *Access*. First, many older adults are not aware of technologies that can assist them, where to acquire them, and who to consult to get training and technical support. Second, some assistive technologies are perceived to be too expensive to acquire by those with poor financial resources. Access may be particularly problematic for minority elders.
- *Attitudes*. Older adults are more likely to exhibit anxiety about adopting and using technology and have lower confidence about their ability to successfully learn to use technology and generally such attitudes are associated with lower technology use.
- *Design and Training*. Many products are poorly designed because designers fail to take into account normative declines in perceptual, cognitive, and psychomotor abilities with age. Hence, products are unnecessarily difficult to use and to maintain. Training programs fail to heed the needs of older learners, particularly in terms of age-related slowing in learning rate, the need to provide appropriate feedback, and the need to allow for error recovery procedures. Many designers are not knowledgeable and should be educated about the aging process and its consequences for performance.

Proposed Solutions:

- Access can be improved through public displays of appropriate assistive technology (e.g. through advertising, displays in malls).
- Studies need to establish the efficacy of technology, for instance, for reducing health care and long term care costs, in order to provide a firm economic basis for implementing subsidy systems (e.g., tax deductions, tax credits) for up-front costs of technology.
- Attitudes toward technology can be changed via "seniors teaching seniors" and "students teaching seniors" programs. These programs can be conducted at senior centers and in community centers, churches, synagogues and mosques.
- Designers and trainers need to become better educated about age and technology use. Better industry-academic linkages can be established by sponsoring sabbatical opportunities in companies, joint industry-researcher workshops and conferences, and internships for graduate students. Joint programs in human factors and gerontology (gerontechnology) need to be encouraged to offer specializations at Masters, Doctoral and Post-doctoral levels.

Prepared by Neil Charness, PhD, Florida State University, Sara Czaja, PhD and Joseph Sharit, PhD, University of Miami, Arthur D. Fisk, PhD and Wendy Rogers, PhD, Georgia Institute of Technology

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WHCoA Issue Area:

Health and Long-Term Care – Helping Aging Consumers and Their Families to Make Informed Health Care Decisions

Priority Issue: ***Ensure support for individual values, preferences in health care treatment.*** Adults have the legal right to make choices about medical treatment. When decision-making capacity is diminished, individuals may not be able to provide informed consent for treatment. Legal proxies speaking on behalf individuals should use a "substituted judgment" standard of decision-making guided by the person's values so the person will not be subjected to under-treatment, over-treatment or treatment not in accord with his/her wishes.

Barriers: Despite widespread publicity, most recently in the wake of the *Schaivo* case, many adults do not make their health care wishes known prior to incapacity. If executed, advance directives may be unclear, providing inadequate guidance for proxies, families and physicians. Advance directives do not always follow the individual in different health care settings. Physicians may not be aware of or be able to follow an advance directive. Family members may be in dispute about what an individual would have wanted.

Proposed Solutions: Encourage statutes, such as the Uniform Health Care Decisions Act, that provide for advance directives and default surrogates. Support training of professionals, caregivers and families about decision-making capacity and advance directives. Provide practical guides for health care proxies on their role and responsibilities. Encourage clinical practice guidelines that ensure informed end of life decisions. Support the Physician Orders for Life-Sustaining Treatment (POLST) form for individuals with advanced life-limiting illnesses. Encourage ethics consultation services and independent ethics committees in hospitals and nursing homes. Promote use of meditative approaches in health care settings to resolve disputes; and ensure sensitivity to cultural values and beliefs in health care decision-making.

Priority Issue: ***Ensure support for effective state guardianship systems for vulnerable at-risk adults with diminished capacity***. Guardianship is a process by which a court appoints an

individual or entity to make decisions about care and/or property for another individual whom the courts declares unable to make decisions on his or her own behalf. It is a drastic intervention and should be a last resort when there are no less restrictive alternatives.

Barriers: State laws have advanced in providing for procedural safeguards, but practices vary by state, by locality and by court. Courts may not have sufficient resources to adequately monitor guardians. Guardians, judges, attorneys and court staff may lack sufficient training. Public guardianship options frequently are not available.

Proposed Solutions: Ensure effective training, technical assistance and minimum standards of practice for guardians. Encourage judges to use functional assessments by qualified clinicians in determining capacity and in crafting limited guardianship orders. Support strengthened court monitoring steps. Develop effective public guardianship systems for incapacitated unbefriended individuals in need. Adopt standard procedures to resolve interstate guardianship issues.

Prepared by Erica F. Wood, JD, Assistant Director, American Bar Association Commission on Law and Aging

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WHCoA Issue Areas:

Our Community – Promote Support for Both Family and Non-Family Caregivers and *Health and Long Term Living – Delivery of Quality Care by Caregivers*

Priority Issue: ***The strain of caregiving on the caregiver's mental and physical health, financial status, and on family resources must be addressed.*** Providing care to an elder with a physical and/or mental disability has been found to be associated with increased rates of depressive symptoms, as well as other mental health problems. A wide range of evidence also suggests that caregivers' health suffers in direct relation to the stressors of caregiving. Of particular note are findings that caregivers who experience strain in their role have higher risk of mortality than age- and gender-matched controls who are not caregivers. It has been estimated that one half of all family caregivers in the United States have full-time employment outside of the home. Many are forced to leave the workplace altogether or to miss workdays to attend to their relative's needs. At the same time, the economic benefits to society of caregivers who stay at home to provide assistance to a relative are considerable. Max and colleagues have estimated the costs of this informal care at $48,668 per year (in 2004 dollars). If these costs were replaced by formal services, the financial burden on families and government would be overwhelming. In addition, the increased number families with two adults employed outside the home, the high levels of divorce, and smaller family size, the resources and commitment to meet family care needs is limited. The slow growth of wages at the bottom end of the economic ladder puts additional pressure on many caregiving families. And finally, expecting even a willing individual to provide care twenty-four hours a day, seven days a week is an untenable expectation.

Barrier: The service system fails to provide adequate help for most family caregivers. A cross-national comparison showed that disabled elders had substantially more unmet needs in the US than in Sweden, where there is universal access and affordability for services.

Proposed Solution:

Evidenced-based interventions and supportive services need to be provided to help families manage the stresses of care. Families should be provided counsel which will guide them through difficult care decisions, and match available resources to their needs, including respite care. Families who are reluctant to accept services should be counseled that these services will allow their loved one to be better cared for, allow them to be able to provide personal, non-institutional care longer, and to improve the life of their loved one when they are institutionalized but receive a combination of formal and informal services. There is now a considerable evidence base demonstrating that psychoeducational, individual/family counseling interventions, and providing assistance such as adult day care to family caregivers in sufficient amounts reduces care-related strains, leads to significant improvements in well-being for caregivers, and helps employed caregivers remain in the workforce.

Prepared by Steven H. Zarit, PhD, Penn State University